

Message Text

CONFIDENTIAL

PAGE 01 STATE 050103

ORIGIN EUR-12

INFO OCT-01 ISO-00 CPR-01 NSC-05 PA-01 SS-15 PRS-01 USIE-00
NSCE-00 SSO-00 EB-08 TRSE-00 /044 R

DRAFTED BY TEXT RECEIVED FROM WHITE HOUSE (S/S 7706269)

APPROVED BY EUR - RBARBOUR

EUR/CE/DANDERSON

S/S - MR. SEBASTIAN

-----072125Z 061576 /63

O 072057Z MAR 77

FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

C O N F I D E N T I A L STATE 050103

E.O. 11652: GDS

TAGS: PFOR, PO, WG, US

SUBJECT: PRESIDENTIAL MESSAGE TO HELMUT SCHMIDT

PLEASE DELIVER IMMEDIATELY THE FOLLOWING LETTER

1- PLEASE DELIVER IMMEDIATELY THE FOLLOWING LETTER
FROM PRESIDENT CARTER TO CHANCELLOR SCHMIDT:

2. QUOTE DEAR MR. CHANCELLOR: I WOULD LIKE TO RAISE
WITH YOU PERSONALLY THE QUESTION OF BALANCE OF PAYMENTS
ASSISTANCE TO PORTUGAL, WHICH I BELIEVE IS NECESSARY TO
HELP STABILIZE THAT COUNTRY'S ECONOMY AND TO SUPPORT ITS
CURRENT POSITIVE POLITICAL EVOLUTION.

2. UNDER YOUR LEADERSHIP, THE FEDERAL REPUBLIC HAS PLAYED
A VITAL ROLE IN RESTORING DEMOCRACY TO PORTUGAL. HOWEVER,
THE SITUATION REMAINS UNCERTAIN. PRIME MINISTER SOARES
IS FACING A DIFFICULT PERIOD IN WHICH ECONOMIC DISTRESS --
COUPLED WITH HIS EFFORTS TO RELIEVE IT -- FOSTER POLITICAL
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ELEMENTS WHICH DO NOT SUPPORT PORTUGUESE DEMOCRACY.

3. BOTH OF OUR GOVERNMENTS HAVE ALREADY PROVIDED PORTUGAL
SUBSTANTIAL SHORT TERM FINANCING. HOWEVER, IT WILL TAKE
TWO OR THREE YEARS BEFORE PORTUGAL'S ECONOMIC PROGRAM CAN
REACH A POINT WHERE THE LARGE BALANCE OF PAYMENTS DEFICIT

CAN BE FINANCED THROUGH NORMAL MEANS. OUR PROJECTIONS INDICATE THAT DURING THIS PERIOD ROUGHLY \$1.5 BILLION OF ADDITIONAL OFFICIAL MEDIUM TERM FINANCING WILL BE REQUIRED.

5. NO SINGLE COUNTRY CAN BE EXPECTED ALONE TO PROVIDE ASSISTANCE ON SUCH A SCALE, NOR DO PORTUGAL'S DRAWING RIGHTS FROM THE INTERNATIONAL MONETARY FUND APPROACH THIS AMOUNT. A COMMON EFFORT BY AS MANY NATIONS AS POSSIBLE WILL BE REQUIRED TO PROVIDE NECESSARY ECONOMIC AND POLITICAL SUPPORT.

6. I KNOW THAT THE EUROPEAN COMMUNITY RECENTLY REAFFIRMED ITS POLITICAL COMMITMENT TO HELP DEMOCRACY IN PORTUGAL. HOWEVER, IN OUR VIEW, THE ANSWER TO THE BALANCE OF PAYMENTS PROBLEM IS A BROAD CONSORTIUM OF LENDING COUNTRIES WHICH WOULD PHASE ITS SUPPORT TO ENCOURAGE THE SORT OF ECONOMIC POLICIES THAT WILL QUALIFY PORTUGAL FOR HIGHER TRANCHE DRAWINGS FROM THE INTERNATIONAL MONETARY FUND. AS YOU KNOW, PRIME MINISTER SOARES STRONGLY FAVORS THIS APPROACH. WE HAVE PRELIMINARY INDICATIONS OF SUPPORT FROM THE UNITED STATES CONGRESS THAT LEAD ME TO BELIEVE THE UNITED STATES COULD PROVIDE ROUGHLY ONE THIRD OF THE \$1.5 BILLION NEEDED FOR SUCH A CONSORTIUM. SUBSTANTIAL PARTICIPATION OF THE FEDERAL REPUBLIC WOULD ALSO BE OF IMMENSE VALUE, FOR BOTH ECONOMIC AND POLITICAL REASONS.

7. MR. CHANCELLOR, I AM AWARE OF THE CRITICALLY IMPORTANT CONTRIBUTIONS WHICH YOU PERSONALLY HAVE ALREADY MADE TO THE CAUSE OF DEMOCRACY IN PORTUGAL. FOR THIS REASON,
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I HOPE YOU WILL ALSO GIVE THE PROPOSED CONSORTIUM YOUR PERSONAL ATTENTION AND SUPPORT. U.S. OFFICIALS HAVE ALREADY BEGUN DISCUSSIONS ON THIS MATTER WITH YOUR FINANCE MINISTRY AND FOREIGN MINISTRY; AND ANTHONY SOLOMON, UNDER SECRETARY-DESIGNATE OF THE TREASURY, IS PREPARED TO TRAVEL TO EUROPE AND TO CONTINUE THOSE TALKS.

8. I APPRECIATE YOUR PERSONAL INTEREST IN THIS MATTER OF IMPORTANCE TO US ALL. SINCERELY, JIMMY CARTER. END
QUOTE

9. SIGNED ORIGINAL BEING POUCHED.

10. LETTER SHOULD BE DELIVERED TO CHANCELLOR'S OFFICE IN TIME TO PERMIT ADDED GUIDANCE TO FINANCE MINISTRY STATE SECRETARY POEHL WHO FLIES TO WASHINGTON MARCH 9 FOR DISCUSSIONS WITH TREASURY UNDER SECRETARY SOLOMON MARCH 10.

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PAGE 01 STATE 050103
ORIGIN EUR-03

INFO OCT-01 ISO-00 /004 R

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DRAFTED BY EUR/WE/KSMITH
APPROVED BY EUR/WE/ENROWELL
-----092215Z 092868 /63

O 091935Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 050103

FOL RPT STATE 050103 ACTION BONN 7 MAR 77 QUOTE

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VANCE

UNQUOTE VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, ECONOMIC CONDITIONS, BALANCE OF PAYMENTS, FOREIGN ASSISTANCE, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE050103
Document Source: CORE
Document Unique ID: 00
Drafter: S 7706269)
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770078-0399
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770385/aaaacxdc.tel
Line Count: 238
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f84581bc-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
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Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3184828
Secure: OPEN
Status: NATIVE
Subject: PRESIDENTIAL MESSAGE TO HELMUT SCHMIDT PLEASE DELIVER IMMEDIATELY THE FOLLOWING LETTER 1- PLEASE DELIVER IMMEDIATELY THE FOLLOWING LETTE
TAGS: PFOR, PPDC, PO, GE, US, (CARTER, JIMMY), (SCHMIDT, HELMUT)
To: BONN
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/f84581bc-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
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